



U.S. Department of Justice

*United States Attorney
Eastern District of New York*

WK/KTF
F. #2018R01805

*271 Cadman Plaza East
Brooklyn, New York 11201*

August 5, 2019

By ECF

The Honorable Joanna Seybert
United States District Judge
United States District Court
100 Federal Plaza
Central Islip, New York 11722

Re: United States v. Jeffrey Chartier, et al.
Criminal Docket No. 17-372 (S-2) (JS)

Dear Judge Seybert:

A grand jury sitting in the Eastern District of New York returned a second superseding indictment (the “S-2 Indictment” or “S-2”) this afternoon in the above-referenced matter. The government respectfully submits this letter as an overview of the differences between the underlying indictment in this case, filed July 11, 2017 (ECF No. 1), and the S-2 Indictment.¹ As a preliminary matter, the names of the defendants who have pleaded guilty have been removed from the S-2 Indictment caption; the contents of the S-2 Indictment focus on the remaining four defendants; one charge has been eliminated and several have been added. The government provides an overview below.

Modifications to the speaking portion of the S-2 Indictment include the following:

- Portions addressing the defendants who have pleaded guilty have been pared down, and more detail is now included regarding the remaining four defendants.
- Certain defined terms have been correspondingly removed and added.
- Anonymized names (e.g., “Investor 1,” “Co-Conspirator 1”) have been changed; we have added an anonymized investor, a broker, two owners and an employee that were

¹ The first superseding charging instrument in this matter was the criminal information (S-1), filed December 4, 2018 (ECF No. 328), pursuant to which defendant Anthony Vassallo pleaded guilty.

Hon. Joanna Seybert
August 5, 2019
Page 2

not mentioned in the underlying indictment, and an anonymized investor relations firm that was referenced has been removed.²

- References to the GRLD stock manipulation have been removed since all the defendants charged in that scheme have pleaded guilty.
- The order of the narrative regarding the CESX and NWMH stock manipulations has been modified so the schemes are presented in chronological order.

Modifications to the charges alleged in the S-2 Indictment include the following:

- The defendants who have pleaded guilty have been removed as named defendants in all charges.
- The overt acts in the securities fraud conspiracy charge (Count One) have been modified to pertain closely to the remaining four defendants.
- The securities fraud count related to the GRLD stock manipulation has been eliminated; the counts related to the CESX and NWMH stock manipulations have been reordered.
- Substantive money laundering charges (Counts Nine through Fifteen) have been added as to Chartier and Lee (Counts Nine through Eleven), Watts and Isen (Counts Twelve through Fourteen) and Isen alone (Count Fifteen).
- Obstruction of justice charges have been added as to Chartier (Count Fifteen) and Lee (Count Sixteen).

Modifications to the forfeiture allegations include the following:

- Only property that defendant Isen owned is now encompassed. Other property that was itemized in the underlying indictment is no longer listed because it has now been forfeited by defendants who have pleaded guilty.

² The government is providing today a list to counsel for the S-2's named defendants identifying the true name of each of the anonymized individuals referenced in the S-2 Indictment.

Hon. Joanna Seybert
August 5, 2019
Page 3

As indicted below, the government is providing a copy of S-2 Indictment to defense counsel for the remaining defendants by email, in case the document is not posted on PACER promptly.

Respectfully submitted,

RICHARD P. DONOGHUE
United States Attorney

By: /s/
Whitman G.S. Knapp
Kaitlin T. Farrell
Assistant U.S. Attorneys
(718) 254-6107/6072

c.c.: Clerk of the Court (JS) (by ECF)
Counsel for Defendants Chartier, Lee, Isen and Watts (by ECF; by Email w/ S-2
Indictment attached)